FINANCING FOR ENVIRONMENTAL, AFFORDABLE AND STRATEGIC INVESTMENTS THAT BRING ON LARGE-SCALE EXPENDITURE (FEASIBLE)

FEASIBLE is a computerized decision support tool developed by the Organisation for Economic Co-operation and Development (OECD) and COWI, with the support of the Government of Denmark. This tool aids local and national governments in strategic financial planning for public water supply, wastewater and sanitation infrastructure. Estimated expenditures are predicted for capital investment, management, and operation and maintenance using various service delivery scenarios. This information helps governments in filling existing gaps in urban and rural WASH services using identified funds (i.e. grants, loans, user charges and public subsidies). Costs are assessed at the service level, taking into account affordability constraints for households and public budget limitations. The tool has been applied primarily in urban contexts in over fifteen countries. It has been used in Central Asia and in Eastern Europe to support compliance with EU Environmental Standards, and most recently it has been adapted by African governments to support the attainment of public policy targets. FEASIBLE is an open-source software.

GENERAL DESCRIPTION

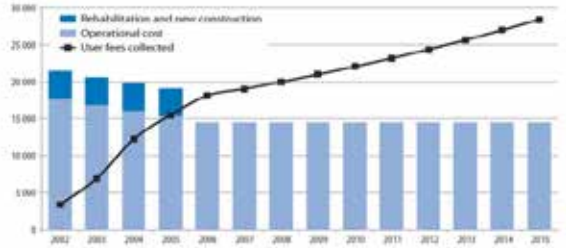
Target: Local and national government staff with responsibility for creating financing policy for water and sanitation investments.

Objective: To support constructive dialogue and effective programme implementation through the creation of affordable and realistic financing strategies and cost-effective use of resources for the WASH sector.

Areas: Solid waste, water supply, wastewater, supply of finance.

Indicators: 16 indicators across all areas: solid waste (7), water supply (2, with nine sub-indicators), wastewater (2, with 10 sub-indicators), supply of finances (5).

Figure 5.2. **Expenditure needs versus collected user charges in Armenia (million dram)**



Source: OECD/EAP Task Force, Ministry of Finance and Economy of the Republic of Armenia (2004), *Financial Strategy for Urban Wastewater Collection and Treatment Infrastructure in the Republic of Armenia* (in English and Russian), prepared by COWI Moscow (www.oecd.org/dataoecd/31/10/34596126.pdf).

Methodology: Data collected using questionnaires, key stakeholder discussions, document reviews. A baseline scenario is developed and the user enters technical and financial data on infrastructure covered by present finance strategies.

Outputs: Technical results, expenditure needs, financing and financing gap, with the option to view aggregated values for water supply and wastewater areas.

Tool format and language: CD Software with accompanying user guide; results can be exported to Excel; English.

Link: http://www.cowi.com/menu/project/EconomicsManagementandPlanning/Financialanalysesandlaw/Pages/feasiblemodel.aspx

IMPACT AND FINDINGS

A range of country specific positive changes have come as a result of using FEASIBLE, for example in tariff policy and institutional frameworks, and in increased financing for water supply and sanitation. It has also helped inform realistic deadlines for meeting the requirements of environment and water-related European Commission Directives by EU accession countries/ new EU Member States (e.g. Bulgaria) and candidate countries (e.g. Turkey). The tool is improved and refined on the basis of the feedback received from practitioners. The Sector Wide Investment and Financing Tool (SWIFT) model borrowed lessons from FEASIBLE. The process of using FEASIBLE has led to positive consensus building and provides a solid foundation for political and social policy debates about water supply and sanitation.

Strengths	Limitations
Easy to use software	Training in use of FEASIBLE required, and it calls for well-developed modelling skills
Rigorous methodology, which includes sophisticated modelling of investments	Significant contextualisation needed for use in some countries, without which there is a danger of over-simplification
Allows user to test various financing scenarios including additional finances from water users, public budgets, donors, IFIs and private sector	Focuses on infrastructure